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TO: ALL MEMBERS

MALAYSIA'S NATIONAL CARBON MARKET POLICY (NCMP)

The Ministry of Natural Resources and Environmental Sustainability (NRES) officially launched [Malaysia's National Carbon Market Policy \(NCMP\)](#) on 21 April 2026. The policy establishes the framework for a credible and transparent carbon market in Malaysia, supporting the country's target under Nationally Determined Contribution (NDC) 3.0 to reduce greenhouse gas emissions by up to 30 million tonnes of CO₂ equivalent by 2035.

What is the NCMP?

The NCMP is a national framework that sets out the rules, infrastructure and governance for buying and selling carbon credits in Malaysia. One carbon credit represents one tonne of CO₂ that has been reduced or removed, which companies can buy to offset their emissions. The NCMP focuses on compliance-based trading aligned with Article 6 of the Paris Agreement, while complementing the existing voluntary market such as the Bursa Carbon Exchange (BCX). It will be supported legislatively by the upcoming National Climate Change Bill.

Key features

- 1. National Carbon Registry**
A central system to track every carbon credit issued, transferred and retired in Malaysia, ensuring each credit is unique and cannot be double-counted.
- 2. Monitoring, Reporting and Verification (MRV) Framework**
Standardised MRV guidelines to ensure credits represent real, measurable and independently verified emission reductions.
- 3. Article 6 Alignment**
Enables Malaysian credits to be traded internationally with buyer countries (e.g. South Korea, Singapore, Japan) under the Paris Agreement.
- 4. Carbon Pricing Integration**
Provides the foundation for future carbon pricing instruments such as a domestic Emissions Trading Scheme (ETS) or carbon tax.
- 5. Support for Hard-to-Abate Sectors**
Recognises that about 30% of Malaysia's emissions are costly to reduce directly and can be addressed through carbon credits instead.

What it means for plastics manufacturers

Plastics manufacturing is an energy-intensive activity that relies heavily on electricity and fuel, which makes emissions difficult to reduce quickly. As Malaysia strengthens its climate commitments and the National Climate Change Bill comes into force, the business environment for manufacturers will shift in several ways:

1. Most members will likely engage in the carbon market as buyers: purchasing credits to offset emissions that cannot be reduced at source.
2. Exporters, particularly to Europe, face growing carbon-related costs abroad (e.g. the EU's Carbon Border Adjustment Mechanism, CBAM), which will affect cost competitiveness.
3. Global customers and brand owners are increasingly requiring their suppliers to disclose carbon footprints and demonstrate emission reduction efforts.

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4. New domestic compliance obligations are expected under the upcoming National Climate Change Bill, which may include mandatory emissions reporting and potentially carbon pricing.

What members should do now

1. Start tracking your factory's emissions (fuel and electricity use).
2. Identify ways to cut emissions: energy efficiency, renewables, waste reduction.
3. Follow updates on the Climate Change Bill and related guidelines.

Members may refer to the [full policy document](#) for more information.

Thank you.

MALAYSIAN PLASTICS MANUFACTURERS ASSOCIATION

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